



Assessing the Impact of Sustainability Reporting on Organizational Processes and Outcomes

An Exploratory Case Study

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Executive Summary

The number of companies that have started disclosing their performance with respect to environmental, social and governance (ESG) themes has been growing rapidly in the last two decades. Sustainability reporting, considered as a valuable instrument for reducing the business world's adverse impacts on the environment and society, has been the object of increasing regulation and standards. This thesis is aimed at advancing the present knowledge on the impacts of corporate sustainability reporting on organizational learning, growth and change, on the one hand, and the roles played by the different parts and features of the reporting process, on the other.

This research makes use of a qualitative case study, performed on an established firm in the Italian local public transport industry. While experts and regulators emphasize the relevance of sustainability reporting in the transition of the business world toward more sustainable ways of being, consensus on the effects of reporting is lacking. The existing literature does not provide clear agreement for arguing for the potential of the practice.

The findings of this study are twofold. Firstly, it finds that reporting can act as a catalyst for organizational learning, growth and change, while strengthening relationships with those stakeholders that demonstrate a high level of engagement. Because each of these processes in turn affects the strategic dimension, improvements in economic performance may well be an indirect, significant consequence.

Secondly, this research draws attention to the relevance during the sustainability reporting process of an initial self-assessment of organizational identity, strategic priorities and resource allocation choices, as well as of measuring results and outcomes. Moreover, the significance of the materiality analysis' insights is highlighted.

Overall, this thesis provides novel insights to both academics and managers, highlighting that reporting has the potential to strongly influence organizations. Because of the increasing importance of the role it will play in a world that is quickly changing, it is suggested that future research further explores the impacts of sustainability reporting.

Preface

This thesis is written as a part of the Master of Science in Economics and Business Administration at the Norwegian School of Economics (NHH), where I had the opportunity to spend the last of year of my Double Degree program and pursue a specialization in Energy, Natural Resources and Environment.

This study is an independent work part of the Digital Innovation for Growth (DIG) research center, a national center for research on digital innovation for sustainable growth. I thank both DIG and interview participants, who took valuable time out of their schedules to answer my questions and enrich my work.

I would like to thank my supervisors, Professor Tina Saebi and Professor Manlio De Silvio. Their support and guidance have been essential throughout the entire production of this research. The feedback I received fueled my personal interest, growing my knowledge and curiosity. I would also never have been able to accomplish this work without the support of Cristiana Rogate, Margherita Pennati and the whole Refe team.

My biggest thanks go to my family and friends, which have never left me without their love and trust. I am deeply grateful for the relationships I have been born with and I have had the chance to cultivate, and I am certain all the people I feel so close to, even when so physically far away, have shaped me and made me grow in unthinkable ways.

To each and every one of you: thank you for having been my safe harbor and for *being there* when I need a light in the dark.

Thank you, because I have never felt so wholly surrounded by people to walk with.

Salsomaggiore Terme, December 2023

Giovanni Amigoni

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1. Introduction

As 2023 comes to an end, we find ourselves approaching the halfway point of the 2030 Agenda for Sustainable Development. The United Nations adopted the Agenda in 2015, as a “plan of action for people, planet and prosperity” (United Nations, 2023). Its aim is to stimulate change toward a model of sustainable development, as defined by the well-known 1987 Brundtland Commission’s report “Our Common Future”: development that “meets the needs of the present without compromising the ability of future generations to meet their own needs” (Brundtland, 1987). This standpoint encapsulates in the term “sustainability” an environmental, a social, and an economic dimension: no assessment can otherwise be considered exhaustive nor complete.

Radical, systemic change is necessary, now more than ever, not only to safeguard our planet – the Synthesis Report for the Sixth Assessment Report of Intergovernmental Panel on Climate Change substantiated widespread fears that not enough is being done to fight climate change (IPCC, 2023) – but, more generally, to eradicate poverty and make progress against any form of inequality.

From this perspective, how and to what extent can sustainability reporting practices be of importance? This research employs a case study, in the context of the Italian local public transport industry, to explore the impacts and practical implications of corporate sustainability reporting through qualitative, semi-structured interviews.

As many have recognized, reporting on the environmental, social and governance – or ESG – dimensions can play a significant role in the business world’s transition to more sustainable paradigms. Over the past two decades, companies have increasingly been making use of sustainability reports: what started as a voluntary practice, partly aimed at alleviating stakeholders’ pressure and demands for disclosure, has undergone growing regulation and standards.

Today, the Global Reporting Initiative’s (GRI) Standards and the IFRS Foundation’s Sustainability Accounting Standards Board (SASB) are among the most widely used standards, in addition to frameworks such as the UN’s Global Compact (UNGC) and the Financial Stability Board’s Task Force on Climate-Related Financial Disclosures (TCFD). Standards differ in their concept of materiality. GRI focuses on “impact materiality”,

considering information that influences stakeholders and significant impacts on the economy, environment, and people (GRI, 2022a). SASB and the TCFD instead align with “financial materiality”, focusing on sustainability-related risks and opportunities affecting financial decisions (SASB Standards, 2023).

Through the EFRAG (European Financial Reporting Advisory Group), the European Union is also working on the upcoming European Sustainability Reporting Standards (ESRS). Thanks to the Corporate Sustainability Reporting Directive (CSRD) large firms will be required to comply with the ESRS from reports on financial year 2024 onwards. Crucially, the ESRS will be based upon the double materiality principle requiring that business report on matters that are material from any – or both – of the two materiality perspectives (EFRAG, 2022).

Taking a more accurate look at the GRI Standards, their stated mission is “to help organizations be transparent and take responsibility for their impacts so that we can create a sustainable future” (GRI, 2023). To what extent does the strong uptake of reporting practices translate into real effects and sustainability improvements, though? Not enough studies are available to draw conclusions and make predictions, and the evidence presented in the following chapter has not come to identify clear-cut effects. These conflicting results widen a research gap that also comes from the need for examining internal and growth processes, while much of the literature has sought the presence of quantitative financial impacts.

1.1 Research Questions and Outline

Two research questions are laid out in this study:

RQ1 In privately-owned firms, how can sustainability reporting affect the processes of organizational learning and change, financial and sustainability performance, and relationships with stakeholders?

RQ2 (if any effects can be identified) which parts and features of the reporting process are most relevant for achieving such effects?

Given the breadth of the impacts analyzed so far and their strong context-dependency, *RQ1* does not limit the scope of possible findings. To the author’s knowledge, the literature presently lacks similar exploratory analyses. In addition, *RQ2* covers the purpose of detailing

whether certain elements of process hold greater potential than others in terms of the value ultimately created for firms. While the report is a tool that may produce important effects per se, the process behind it could be instrumental in bringing about instances of change.

This research is designed with the dual purpose of benefiting both the academic community and businesses. It aims to shed light on the impacts of sustainability reporting on various facets of an organization, expanding extant literature on the matter and ultimately strengthening the foundations and evidence base of the reporting debate. These include aspects such as economic performance and market value, internal processes, information asymmetries, sustainability performance, management practices and learning courses. The ultimate goal is to stimulate further research in this area and simultaneously enhance the actual practice of corporate sustainability reporting.

A literature review is offered in the upcoming chapter. The context of the case study carried out is presented next, including a brief overview of Autoguidovie, the case setting. The following section describes the methodology employed, the research design and the data collection and analysis processes. The findings are then presented and discussed in relation to the theory. Lastly, conclusions are drawn from the study and implications for future research suggested.

2. Literature Review

This section first presents the theoretical background on the impacts of sustainability reporting, analyzing the extant literature. The research laid out here will later be referred to when discussing the findings of this study. Afterwards, the research questions investigated are brought forward, in light of the outcomes of the literature review.

2.1 Potential Effects of Reporting on Organizational Processes and Outcomes

The ongoing growth in the number of companies around the globe that have started publishing a sustainability report is clear: 96% of the 250 largest companies in the world by revenue (KPMG, 2022) and 81% of the 1.000 largest US publicly traded ones (G&A Institute, 2022) do so. This has, in the past few years, been mirrored by a similar increase in the attention researchers rightly dedicate to the matter. The report can be seen as the outcome of a path of training, sharing and formalization, which gives an account of the choices, activities, results and resource allocation of a business. In doing this, it also allows stakeholders to learn about and form an opinion on how an entity interprets and fulfills its mission. This way, it becomes a working tool with managerial and strategic significance, on the one hand, and a means for communication with and engagement of the various stakeholders. The impacts that sustainability disclosure can potentially have, both inside and outside an organization, are therefore many and varied.

Empirical studies on financial disclosures and reporting mandates show that these can produce real effects through multiple channels: for instance (i) by reducing asymmetric information and agency costs, which enhance efficiency; (ii) by acting as a learning tool; and (iii) due to stakeholders' contractual implications, such as those regarding salary and remuneration (Leuz and Wysocki, 2016). One may then reasonably hypothesize real effects originating from reporting on sustainability as well. Even though the latter is arguably a still far less researched field, reductions in information asymmetries and transparency improvements have indeed been recorded (Nobanee and Ellili, 2016). The remainder of this chapter provides an overview of the available literature on the matter, which has focused on the following areas: financial performance; organizational learning and change; sustainability performance; and corporate legitimacy.

To begin with, a significant portion of the extant research has concentrated on assessing whether sustainability reporting can influence the economic performance of a firm, with conflicting results at times. One main, recurring argument is that disclosure reduces the cost of equity capital by providing lenders with valuable information over the activities of a company, and possibly by performing a signaling function, aiding investments. Several authors have confirmed the presence of a negative relationship between environmental disclosure and the cost of capital (Dhaliwal et al., 2011; Matsumura, Prakash and Vera-Muñoz, 2017; Plumlee et al., 2016), documenting a relevant effect of reporting. However, an opposite result has been encountered when considering disclosure on the social dimension (Richardson and Welker, 2001). A second, notable line of research analyzes impacts on market value. Again, some find environmental (Plumlee et al., 2016) or ESG disclosure (Berthelot, Coulmont and Serret, 2012; Caesaria and Basuki, 2017; Ioannou and Serafeim, 2017; Kuzey and Uyar, 2017; Reddy and Gordon, 2010) and market value to be positively associated, but other studies do not reveal any significant relationship between firm value and disclosure (Chairina and Hardi, 2019; Cho et al., 2015; Nwaigwe et al., 2022), making it difficult to generalize findings.

The inconclusiveness of such results, highlighted by Aifuwa (2020), among others, has been partly explained by researchers who have analyzed larger-than-average samples and pointed out that outcomes are likely to be heavily sector dependent (Al Hawaj and Buallay, 2020; Hasan, Singh and Kashiramka, 2022). Moreover, a panel study by Friske, Hoelscher and Nikolov (2023) has recently identified a negative association between sustainability reporting and firm value – an association which does, however, become increasingly positive over time. Such a pattern paves the way for more complex possible explanations, drawing attention to the learning processes involved. The authors in fact hypothesize that, over time, firms may learn to improve their signaling and communication of sustainability practices to stakeholders, at the same time as stakeholders and investors may adjust their expectations and learn to better assess reports.

Considering effects internal to firms, sustainability reporting has been theorized as an important catalyst for change toward sustainability (Adams and McNicholas, 2007). Lozano, Nummert and Ceulemans (2016) argue for the presence of reciprocal, reinforcing relationships between sustainability reporting and the processes through which companies bring about organizational change. They highlight that the publication of each sustainability report is followed by a so-called “transition period”, which leads the way to “changes in data

and indicators, strategy, organisational change, reputation and validation, stakeholders, and the report itself” (Lozano, Nummert and Ceulemans, 2016, p. 180). These changes are internalized in the production of the following report, and then succeeded by other changes. Similarly, Gond and Herrbach (2006) draw attention to the role of reporting on social responsibility, in guiding organizational learning and influencing the strategy-making process. This may, in turn, potentially trigger change, have a strong impact on culture and principles, and ultimately enhance firm performance. These results validate some of the main arguments commonly brought forward to support sustainability reporting, substantiating the significant role it can play in shaping internal processes. Despite their relevance, these effects do not appear to have been extensively studied to date.

Potential impacts of sustainability disclosure have also been investigated with respect to sustainability performance. Showing that the reporting process can improve the performance of companies with respect to ESG factors would greatly strengthen the case for widening the scope of mandatory reporting regulations. Adams and McNicholas (2007) indeed document improved sustainability performance through sustainability assessment instruments and learning processes.

Lastly, effects of disclosure on organizational legitimacy have been identified. As shown by Sehgal, Garg and Singh (2002), sustainability reporting positively impacts firm legitimacy, which can be defined as “the appropriateness or alignment of a subject in the context of a social system” (Deephouse and Zhang, 2023). More in detail, comprehensive disclosures have been found to have a positive impact, while no effect has been attributed to restricted disclosures. The latter, in fact, do not comprise extensive amounts of information, being more subject to companies’ choices in terms of content and more strategic in nature. On a similar note, Aerts and Cormier (2009) have argued for a positive impact on perceived environmental legitimacy stemming from environmental disclosure practices. This area of research underscores the importance of disclosure toward stakeholders. While communication must not be placed ahead of precise measurement and reporting, it can undoubtedly prove a powerful instrument for engaging stakeholders and turning sustainability efforts into competitive advantage.

A reasonable conclusion to be derived from the literature outlined here is that the effects of reporting are, overall, likely to be strictly conditional on the national, social and cultural contexts, as well as on stakeholders and investors’ reactions and expectations. As it is also

substantiated by Friske, Hoelscher and Nikolov (2023), learning processes play an important role among both internal and external stakeholders: this makes the comparison of results across differing studies and research settings even less feasible and informative. An additional concern lies in the complexity of isolating impacts originated from the reporting practice from those produced by the firm and its activities, an obstacle that does not facilitate research on the matter. Nevertheless, some of the impacts taken into consideration have met fewer diverging opinions and hold major potential. This especially applies to the influence of reporting on internal learning, measurement and self-awareness. While reporting per se may not directly affect some of the above dimensions, it can be regarded as an effective tool for influencing them by increasing organizational mindfulness and learning, depending on the way companies interpret and manage it. This is the area this study particularly aims to advance.

3. Research Setting

This chapter first provides useful background information on the state of local public transport, with a particular focus on the Italian market and on its relationship with sustainability. The subsequent section presents the case organization, which serves as research setting: Autoguidovie. The chapter terminates with a brief overview of Refe, the specialized consultancy Autoguidovie has been working with since the publishing of its very first sustainability report.

3.1 The Impact of Local Public Transport

In 2021, transport was responsible for 37% of global CO₂ emissions, with 91% of energy consumed coming from fossil fuels (IEA, 2022). EU transport GHG emissions in 2019 were 33.5% higher than in 1990 (EEA, 2022a). This correlates with air pollution: 84% of Italian cities covered by the latest Legambiente report exceeded future PM_{2.5} limits (Legambiente, 2023). Yet, big shares of emissions make for big room for improvement.

The majority of these emissions can be traced back to road transport – precisely 71.7% at EU level and a staggering 92.6% at Italian level, in 2019 (ISPRA, 2021) – and, within road transport modes, cars account for over 60% of emissions (EEA, 2022a). This is mirrored in the rates of utilization: in the Italian market only 10.8% of total journeys were made by public transport in 2019 (ISFORT, 2022). Such usage rates directly impact emissions per passenger – as shown in Table 1 – and are problematic from the perspective of trying to reduce the environmental impact of our society.

Table 1 - GHG emissions for each passenger moved over one kilometer, in CO₂ equivalent (Fraunhofer ISI, 2020).

Emissions from cars, per passenger	Emissions from buses, per passenger
143 grams	80 grams

At the same time, scaling down emissions is just one of the arguments in favor of public transport. Among the others, undeniable advantages are reducing road accidents, diminishing

traffic and freeing up public space, making cities much more livable, people-oriented and green, reducing resource use and noise levels.

Moreover, even empty buses are not necessarily wasteful from a societal point of view: “when transit agencies do run that low-ridership service, as most do, it doesn’t mean they’re failing” – rather, they are choosing to pursue coverage over capacity (Walker, 2012). The UN in fact recognize that SDG 11 – Sustainable cities and communities – is to be reached “notably by expanding public transport”: “that all citizens will have access to safe, affordable, accessible and sustainable transport systems” represents a “basic urban need” (UN-Habitat, 2021). The transport sector can also help achieve Goals 3, 9 and 12 – respectively, Good health and well-being, Industry, innovation and infrastructure, and Responsible consumption and production (United Nations, 2023).

Public transport is presently not subject to sustainability reporting regulations different from those of the business sector as a whole, making the research questions previously outlined just as relevant as in other contexts. Evidence has also supported the hypothesis that transit companies could benefit from promoting their commitment to environmental sustainability through marketing actions. By doing so, in fact, it has been stated that “public transport agencies can achieve higher levels of passenger satisfaction, stimulate public transport adoption and increase loyalty” (Vicente, Sampaio and Reis, 2020, p. 9). Once again, sustainability and economic profitability happen to be much more reconcilable than many still believe, and the efforts and results of Autoguidovie may serve as an incentive for others to evolve their offering and services.

3.2 Autoguidovie in Brief

Autoguidovie S.p.A. is an Italian company that operates local public transportation services, targeted and on-demand transportation by bus, in both the Lombardy region (primarily) and other parts of Northern Italy. Founded in 1908, the firm has since grown to become the largest Italian privately-owned firm in the sector and a top-10 one overall. Table 1 offers an overview of key facts.

Table 2 - Key info on Autoguidovie: 2022 data, consolidated at Group level

<i>Number of employees</i>	1,388
<i>Revenues</i>	158.7 million €
<i>Passengers moved</i>	59,2 millions
<i>Municipalities covered by the service</i>	525
<i>Number of buses</i>	1,215
<i>Average age of buses</i>	9.3 years

Autoguidovie is committed to providing safe, reliable and efficient public transportation services to the communities it serves. The company heavily invests in the maintenance and upgrading of its vehicle fleet, in the training and wellbeing of its employees, in innovative technologies, as well as in increasing the accessibility of its offer. Key to the sustainability of the firm is its determination to place the client at the center of its very own *raison d'être*, together with the awareness of the responsibility public service providers have toward society at large. Today, Autoguidovie considers itself as dealing with sustainable mobility, rather than with local public transport, and with moving people, rather than buses.

Since the financial year 2016, Autoguidovie has been publishing yearly sustainability reports, aided by the specialized consultancy Refe. Starting from the 2020 report, the document has also obtained third-party assurance. The 2022 issue marks the introduction in the reporting perimeter of three other local public transport firms, that are either fully owned by Autoguidovie (Cavourese S.r.l. and Società Trasporti Novaresi S.r.l., both operating in the Piemonte region) or in which Autoguidovie has a majority stake (as it is the case of Dolomiti Bus S.p.A., offering transport services in Veneto). This choice follows a logic of expansion of the scope of reporting, in order to offer a consolidated view on the business and its controlled companies, at Group level, as complete and transparent as possible.

Under the present EU Non-Financial Reporting Directive, Autoguidovie is not subject to mandatory disclosure requirements. However, given its size in terms of both turnover and number of employees, it will have to comply with the CSRD. Given its timing,

Autoguidovie's decision to report can be regarded as entirely voluntary. In the same way, no obligation is currently in place for the company to contract third-party audit on the report, nor to include data and information on the impact of its controlled businesses.

3.3 Refe in Brief

Founded in 2006, Refe – Sustainable Development Strategies has been among the first companies in Italy to specialize in sustainability management, ESG performance measurement, communication to and informed and conscious engagement with stakeholders, citizens and consumers (Refe, 2023). Its mission is to achieve a credible, just and participatory transition. Refe accompanies the integration of sustainability in the strategic, managerial and relational dimensions through its very own *Taking Stock to Report Back*® method (*Rendersi Conto per Rendere Conto*®, in Italian).

The internal analysis – *Taking Stock* – brings organizations through a self-assessment of their identity, strategic priorities, resource allocation choices, output and outcomes produced for the various stakeholders. In the *Report Back* phase Refe then works on accountability, communication to and participation of stakeholders, making the path undertaken and the value produced transparent to the exterior. In this way, it builds innovative and tailored paths that strengthen internal awareness and responsible governance, consolidate strategic convergence between different levels of responsibility and improve performance across the economic, social and environmental dimensions.

Together with Autoguidovie, Refe has been working to make the company's Sustainability Report more complete and informative year after year, widening the scope of reporting and engaging with more of its stakeholders.

The author conducted this research while working as an intern at Refe.

4. Methodology

This chapter details the methodological decisions made in order to best address the research questions that have been laid out. Coherently with the structure of the research process, the research design is presented first, then the methods used to collect and analyze the data are described. Lastly, the integrity, ethics and quality of this study are discussed.

4.1 Research Design

The research design can be regarded as the roadmap for how to carry out specific research (Gehman et al., 2018). As previously mentioned, the literature on the real effects of corporate sustainability reporting is limited and has only gone so far in investigating how reporting can impact businesses and help them move toward sustainability (*RQ1*). The numerous contradictory results documented and the little emphasis given to the elements of the reporting process where impacts originate (*RQ2*) also call for employing an exploratory and qualitative design. Advantages of exploratory methods include flexibility and adaptability to change, as new insights and more leeway are gained by starting with a broad research focus that is then progressively narrowed (Saunders, Lewin and Thornhill, 2016). This is a qualitative study, as it makes use of non-numerical data in the main form of interviews.

This research is built around a case study, inherently investigating a phenomenon within its real-life context. This might be regarded as an advantage, as the literature review has drawn attention to the likely strong context dependency of the results so far obtained on the impacts of sustainability reporting. Moreover, according to Saunders, Lewin and Thornhill (2016), case studies are often found in exploratory research designs because of their ability to generate answers to “how?” and “what?” questions, such as *RQ1*. In-depth analysis of a single case study was preferred to less detailed investigation of multiple ones and was thus carried out. Autoguidovie was selected because it exemplifies a large, established firm, which has started publishing annual sustainability reports before being required to do so by regulation and which is undertaking relevant steps in its path toward sustainability.

Both deductive and inductive research approaches are taken in this study. While deduction was employed for locating the research setting within the area of sustainability reporting and

analyzing the extant literature, the findings were inductively extrapolated from the data itself. A combination of the two approaches has the advantage of enhancing flexibility in the interpretation and allowing for meaningful and data-driven theory development (Tavory and Timmermans, 2014). The data can thus direct and model the analysis in a more relevant fashion, a feature particularly significant for exploratory research.

This study seeks to provide academics and firms with valuable insights on how sustainability reporting can have real effects on organizations and their activity, for instance in terms of economic performance and market value, organizational learning and change, sustainability performance and corporate legitimacy. It aims to provide incentives to both future research and the very same practice of corporate sustainability reporting.

4.2 Data Collection

As Refe's Founder and President, Cristiana Rogate made initial contact with Autoguidovie. She and Margherita Pennati, Refe's Project Manager who has personally been working with Autoguidovie since the beginning of the project, played a crucial role in negotiating access to the organization and setting up the interviews. The primary data was collected through 9 semi-structured interviews conducted in Italian – the interviewees' mother tongue – with Autoguidovie's employees. Participants ranged from the middle management to the top management and included members of the Board of Directors. In this way, different points of view on the topic were gathered, encompassing varying levels of involvement in the reporting process and in the strategic and operational dimensions. In addition, secondary data in the form of press releases, news articles and other publicly available information was reviewed to strengthen the research. An overview of the different internal functions and areas involved in the interviews is presented in Table 3, together with the description that will be used to associate quotes to informants.

Table 3 - Informants' roles and overview

<i>Role / internal area and function of informants</i>	<i>Description in the text</i>
Member of the Board of Directors	Board member 1
Member of the Board of Directors	Board member 2
Finance and administration	Finance
Innovation and technological development	Innovation
Service design and management	Service design
Human resources	HR
Operations	Operations
Purchasing and spending analysis	Purchasing
Sustainability, regulatory market and tendering	Sustainability

The sampling technique employed for selecting informants can be described as purposive and theoretical: participants were chosen based on their role, in order to meet the research needs and support theory development within the researched phenomenon field. Once all the scheduled interviews had been conducted, the sample size was deemed sufficient, as additional meetings would likely only have been a source of limited new information.

Except for one, all interviewees were characterized by a seniority of at least 5 years, in some cases reaching or exceeding 15 years, making them especially well acquainted with the organization. In one case the interviewee had a seniority of only 1 year, yet it was deemed valuable to include the data in the research, despite the limited involvement in the company's past reporting process, for the differentiated point of view they could contribute with.

Participants were contacted via email and provided information on the study. Once they had agreed to get involved, further emails followed to schedule meetings. Semi-structured

interviews were then carried out: an initial interview guide was prepared, where the order of questions could vary depending on the flow of the conversations and interviewees were prompted to speak freely. Such a setting keeps questions largely open-ended, allowing participants to take the dialogue in the direction they consider most relevant and giving researchers the opportunity to ask follow-up questions. This is particularly useful in exploratory research, as interviewers can further investigate certain facts and the reasons behind them (Saunders, Lewin and Thornhill, 2016).

The original interview guide – slightly adjusted on an iterative basis during the data collection process – was formulated with the findings presented in the *Literature Review* section in mind and considering the specificities of the case setting. It can be thought of as being subdivided into three parts. The introduction included explanatory materials, acquisition of background information on the interviewees and a first look at sustainability inside Autoguidovie. Second came an exploration of Autoguidovie’s sustainability report, the motivations behind it and its impacts, both on the company itself and on internal and external stakeholders. In the concluding segment participants were prompted to put the report into perspective, comparing expected outcomes with realized ones. An English translation of the original guide can be found in the Appendix.

All the interviews were held online between April and July 2023 through Microsoft Teams and lasted approximately 30 to 40 minutes. With the participants’ permission, meetings were recorded so that the researcher could focus on actively listening to responses and asking more specific questions, while only taking brief notes. This consent was denied only in one case. Although the analysis of information from this particular interview could not be conducted as in depth as in the other cases, this is not believed to have negatively affected the significance of this study.

4.3 Data Analysis

Each interview was first of all entirely transcribed for accurate and complete interpretation. Microsoft Teams’ integrated transcription tool was employed in this step and the results were then manually double-checked and corrected. This also proved helpful in allowing the author to become familiar with the data obtained and to enrich the notes and memos drafted during interviews.

Line-by-line coding of the data was subsequently conducted. Additional notes were produced, content in extensive paragraphs was condensed into brief statements for easier monitoring of observations and color-coding was employed to label and prioritize information. Once it had been cleaned, the relevant data was rearranged into distinct worksheets, organized by themes and respondent. Further categorization was in some cases carried out, when useful to break down complex relationships and patterns. This process made similarities and divergences in the data more clearly noticeable, both visually and analytically, facilitating the identification and extraction of findings at a later stage of the research.

The methodology described was followed on a rolling basis during the data collection period, transcribing and coding data as soon as each interview had been completed. This choice allowed both to save precious time at subsequent stages and to acquire relevant insights which were used to adjust the interview guide. In fact, being able to carry out a first data analysis while still collecting information provided critical insights for the improvement of the interview process.

4.4 Research Quality

The quality of the study and the trustworthiness of the findings are of paramount importance for researchers. In the case of quantitative research, the proxies of quality often taken into consideration include reliability and validity (Saunders, Lewin and Thornhill, 2016), but these are not fully applicable to qualitative research. The measures proposed instead by Lincoln and Guba (1985) are credibility, transferability, dependability and confirmability.

To begin with, credibility regards the plausibility of the findings and their accuracy in presenting the subjectivity of the interviewees. Asking follow-up questions during interviews and paying attention to attitudes and verbal tones was done to avoid misunderstandings. The inclusion in the study of multiple data sources and various points of view from inside the company further increases credibility. The same can be said for the guidance received from professors Manlio De Silvio (Bocconi University) and Tina Saebi (Norwegian School of Economics), as well as from Cristiana Rogate, Margherita Pennati and the whole Refe team.

Regarding transferability, the focus of this research is on investigating the specific context of Autoguidovie, rather than on uncovering generalized findings. This is not a limitation per se,

but an inherent characteristic of the nature of the research – a qualitative, exploratory case study – and is where the value of the study in part lies as well. Yet, as has already been pointed out, findings have the potential to also prove helpful for other organizations and studies. The detailed outline of the research context should be useful for future researchers to assess the comparability of results across different studies and settings.

Dependability of the study has, first of all, been pursued by elaborating an exhaustive interview guide and carrying out semi-structured interviews. While participants were allowed to speak freely and, as a consequence, the questions partly differed from one time to another, the guide and its structure were always followed. Careful, in-depth description of the methodology is another way in which dependability was ensured, verifying that the research had been appropriately carried out and allowing others to retrace the steps undertaken in the future.

Confirmability was also sought throughout the whole research process. The establishment of a clear framework within which the study would be carried out was a first step in the direction of avoiding personal bias and ensuring objectivity. In the same way, while drafting the interview guide, questions were framed so as to minimize biases in the respondents. Neutrality and appropriate distance were maintained during interviews, while analyzing the data collected and processing the findings. Furthermore, transparency in disclosing research methods and allowing for repetition aids confirmability.

Lastly, research ethics was always taken into consideration. Informants were provided in advance with information regarding the study, consent was requested and it was made clear that participation was on a purely voluntary basis. In addition, all the data collected was stored digitally and adequately protected, to avoid unauthorized access. Interviews' recordings have been deleted shortly after completing the study. The author's affiliation with Refe is not deemed to have influenced the findings of the research.

5. Findings

The following sections present the findings obtained from the analysis of the data: the organization of the findings mirrors the structure of the interview guide, which is available in the Appendix. Remarks on the accounts provided about Autoguidovie's attention to sustainability are offered first. Second, observations on the drivers identified as lying behind the decision to start publishing a sustainability report are laid out. The study then includes an analysis of the significance of the separate stages of the reporting process, an investigation of the impact of such process on the various categories of stakeholders and a breakdown of the way in which the stakeholders perceive the process itself. Lastly, the effects of reporting are examined and presented. Given the nature and the methodology used to carry out the research, information might have been provided by study participants while answering questions which belonged to a different part of the interview. In such cases, insights were reorganized and transposed to the section they actually related to in order to allow for easier interpretation by readers.

Interpretations are accompanied by illustrative quotes to support the analysis, with an indication of which interview the specific excerpts are from. Quotes have been translated from Italian into English, adding punctuation and aiming to preserve the original, intended meaning. They are either displayed in italics, in dedicated lines, or enclosed in quotation marks within the text. Due to the colloquial nature of the interviews, square brackets have been employed every time a quote has been slightly modified to enhance its clarity. Whenever multiple participants provided answers similar to one another, this has been highlighted in the analysis, but only one or a few of them have been quoted to avoid redundancy.

The table in the next page summarizes the main findings presented in each of the upcoming sections.

Table 4 – Overview of Findings

<i>Section</i>	<i>Main findings</i>
Sustainability for Autoguidovie	<ul style="list-style-type: none"> • High awareness of the multidimensionality of sustainability and of the impacts of the company at 360 degrees • Concerns for sustainability – particularly in ethical and social terms – have always been present within the organization • Evolutionary processes are – and have been – at play
Motivations for reporting	<ul style="list-style-type: none"> • The organizational culture and mission, as well as the social responsibility inherent to the public nature of the service Autoguidovie offers, are among the most relevant drivers of the reporting choice • Reporting can be viewed as instrumental to continuous innovation and for building competitive advantage
Reporting process	<ul style="list-style-type: none"> • Refe's <i>Taking Stock</i> phase, and in particular measuring outcomes and results, is recognized as essential for verifiable and effective reporting • The significance and strategic value of the materiality analysis are acknowledged
Stakeholders and the report	<ul style="list-style-type: none"> • Among the stakeholders which have proven to be most involved in Autoguidovie's sustainability path are present and future employees, financial institutions, the marketing world and the younger generations • Low attention has been reported from local public bodies
Effects of reporting	<ul style="list-style-type: none"> • Sustainability reporting has set in motion learning processes and feedback loops, influencing the organizational culture and strategy • Overall, Autoguidovie has undergone a growth process • The report has had an impact on managerial and data collection systems and on the brand image

5.1 Sustainability for Autoguidovie

To begin with, interviewees offered diversified accounts of how the focus on sustainability has been increasingly impacting Autoguidovie's activities, and vice versa, as was partly to be expected. Questions related to this section of the interviews were intentionally kept rather unspecific, so as to observe how each respondent would choose to answer.

5.1.1 Awareness of Impacts

A first finding of interest is that, in different ways, all accounts showed a deep understanding of how relevantly Autoguidovie's business decisions and its very own existence create elements for reasoning on its sustainability. Widespread awareness of the need to interrogate oneself on how the firm impacts the territories it operates in, our planet and society at large clearly emerged, as well as an appreciation of the multidimensionality that is intrinsic to any depiction of sustainability. This consciousness is reflected, for instance, in the large investments the company has voluntarily been making to continue to renew its vehicle fleet. These keep the average age of the fleet younger than the Italian one.

Sustainability has many areas [...], it is multidimensional. The "first" sustainability of a company is supporting changes in the present time, sustaining growth processes. (Board member 1)

New buses not only pollute less but [they cause] less accidents, less mechanical issues and so on, resulting in less service outages and lower costs. (Finance)

Multiple interviewees also underlined that, from their point of view, concerns for sustainability have always been present in Autoguidovie. In particular, ethical and social considerations were described as key values the firm historically strives to respect and were often indicated as relevant in participants' individual decisions to work for the company. Two separate sides are identifiable with respect to the social dimension of sustainability. On the one hand – the internal perspective – lie human resources in the sense of those people that work for the company, as in any organization. On the other hand – the external perspective – Autoguidovie's business proposition cannot be considered in isolation from its clients, the citizens of the territories it operates in. As will be further pointed out in the *Motivations for reporting* section, both social sides have, by nature, always been inherent to the company's activity.

We have always guaranteed economic sustainability – in a sector in which it is not something to be taken for granted – and this allowed us to invest in environmental sustainability [...] and then there is social sustainability, that I associate with giving anybody the possibility of moving. (Board member 2)

Our approach of putting the client at the center makes us have good load factors with respect to the national average: we are among the very few companies to have experienced again the pre-Covid load factors. (Board member 2)

Sustainability is also related to the system within which Autoguidovie operates, meaning both the territories and the people working for Autoguidovie. With "placing people at the center" I am talking about supporting them in realizing their performance and in this being sustainable for their life. (HR)

5.1.2 An Evolving Perspective

This enduring concern is not in contrast with the increased attention Autoguidovie has reportedly been paying to sustainability in more recent years, nor with the ongoing changes. A more detailed assessment of these changes is offered in the *Effects of reporting* section.

The report is about a cultural approach, [...] there is a clear sustainability vision. (HR)

In the past couple of years there has been a noticeable change of pace, [...] there is now a higher level of attention, possibly also due to the introduction of the assurance process.

(Innovation)

An evolutionary perspective can keep both accounts together. For one thing, just a few years ago sustainability was conceptualized, practiced and prioritized in significantly different manners than today. As time progressed, both people's personal awareness of the need to act and the behaviors consequently expected from businesses evolved, and they keep evolving. In a similar fashion, it may be claimed that Autoguidovie's corporate culture is one of constant and much necessary change, of learning and of innovation. Different respondents outlined change processes in varying ways, either mentioning them explicitly or just hinting at them, presumably also depending on their personal and professional experience. This view conciliates standpoints that emphasize the firm's established care for sustainability, well beyond a simplistic "economic sustainability" vision, with those that highlight the ongoing developments and advancements.

Autoguidovie's mission has remained the same it was in 1908, but the circumstances have completely changed. (Board member 1)

There was no such attention in the past. [...] I believe it is a growing maturity, [...] a gradual process within which I am not able to identify moments of abrupt change. (Innovation)

Sustainability comes pretty natural when you deal with moving more people using less resources; what has come about in the past few years is, in a sense, a formalization of something that was already present within the company. (Service design)

5.2 Motivations for Reporting

5.2.1 The Corporate Mission

Moving to the antecedents of Autoguidovie's decision to start publishing a sustainability report, interviewees identified one of the key reasons as lying in the firm's very own mission.

Autoguidovie's social object – mobility, the need to move people – is one of the fundamental motivations. (Innovation)

Awareness of the public nature of the service that is offered emerges – once again – as key to fulfilling the declared aim. Moreover, as the service is provided not merely to clients but to the collectivity as a whole, an aspect of “social responsibility” has been acknowledged by respondents as an important antecedent for driving the decision to issue the report. On a similar note, the recognition of social sustainability elements within Autoguidovie's goal to make mobility more accessible and more closely matched with users' needs is also relevant.

We have always strived to view our business activities as a frame strongly interrelated with the territories in which we operate. (Board member 2)

The duty to report what we do for our territories is inherent to our business. [...] Ours is a “social” job, we cannot prescind from asking ourselves questions on quantitative KPIs to be able to understand to which degree sustainability is truly integrated in our behaviors. (HR)

5.2.2 Innovation

Another factor brought up by multiple respondents lies in the company's attention to and desire for continuous innovation. Autoguidovie has in fact won the 2022 Mobility Innovation Award, reserved to the most innovative Italian transport firm (Mobility Innovation, 2022). Moreover, in 2021, it became the very first local public transport organization to purchase a bus driving simulator with the aim of enhancing drivers' training (Autoguidovie, 2022b). A strong confidence that being one step ahead of the competition pays out in the long term is recognizable. Investments in innovation have likely been relevant to Autoguidovie's growth process to become the largest privately-owned local public transport operator in Italy.

A business that endures over time does not change when it is necessary to change, it changes when it is not necessary to change. [...] When you have to do something, it is already late.

(Board member 1)

Introducing ourselves as a company that has undertaken a sustainability path is surely a plus. [...] In a sector in which innovation is often not the priority, it can also be a means to position and present ourselves in a different, innovative way. (Sustainability)

5.2.3 The Corporate Culture

The overall picture is one where, once again, cultural factors have reportedly played a key role in the decision. The company's desire to increase transparency and foster its credibility toward clients and all stakeholders – another motivation for reporting – is in fact heavily dependent on the corporate culture. Such a drive, interrelated with a widespread consideration of the sustainability report as a tool that “exposes more information about the company” and is “the image of how the company behaves”, making it “show itself as it is”, would likely not have found such fertile ground elsewhere. While identifying what lies behind the culture is not easy and lies outside the scope of this research, the “peculiar condition” of being fully privately-owned in a public sector has been described as one reason why Autoguidovie “has always tried and had to be different from all other companies”. Similarly, having remained a family-owned business might have been relevant over time.

It was a cultural choice. [...] Autoguidovie wanted to provide to anybody the evidence of its action, as well as the possibility to verify [this evidence] and to have a precise idea of who Autoguidovie is. (Purchasing)

The report has also represented a means to be able to communicate to stakeholders what we believe in and what we do as a company. (Board member 2)

We decided to start doing something that would make us more and more credible. Not that we were not credible before, but we wanted to share the process with stakeholders, publish the data and show what it is that we do. (Operations)

This company has an ethics and this ethics translates into operational and concrete matters and decisions, such as the sustainability report. (Finance)

To conclude, reporting has been portrayed as a “compelling choice” for a business like Autoguidovie and as the “very least a company can do nowadays”. In a similar fashion, a sustainability path has been appointed as a “necessary and fundamental path for any mature corporation in this sector”.

5.3 Reporting Process

Participants’ viewpoints on the relevance and implications of the various stages of the process leading to issuance of the sustainability report were investigated throughout the interviews.

5.3.1 Taking Stock

A first finding is associated with the awareness of the need to undergo, at the very beginning of such a process, a self-assessment of resource allocation choices, of strategic priorities and of corporate identity. This is what Refe addresses as the *Taking Stock* phase, that is, it is crucial for an organization to start by fully understanding its own impact on society and the environment.

The Taking Stock process is the basis of every change: if you do not “take stock”, you will never change, especially in a world moving this fast. (Board member 1)

Multiple participants then stressed the importance of measuring behaviors, output and outcomes produced. Measuring – “the first step in order to direct behaviors” – is, again, a necessary step to report accurate, verifiable and transparent information on the company’s activities. A consequence of the need for constant measurement is the systematic implementation of a structured data collection method: the process leading to the issued report has been described as one that takes place during the whole year. This will be further highlighted in the *Effects of reporting* section, as it also represents one of the impacts brought about by the report.

I believe that one objective of the company is measuring behaviors in a better and more punctual way; a measuring that does not serve the purpose of saying whether we have done good or we have done poorly, but to be able to understand what we can do better. (HR)

There is a system for reporting, both methodologically and culturally, that every year is an endeavor that begins on January 1st and ends on December 31st. (Finance)

The report is a way of working, it means working 365 days of the year knowing that everything that is done will be reported. (Finance)

5.3.2 The Materiality Analysis

The significance of the results of the materiality analysis has also been highlighted. Materiality is a key concept in the world of reporting: it entails the engagement of internal and external stakeholders and aims at allowing an organization to assess and prioritize both its negative and positive impacts. Together with Refe, Autoguidovie has in 2022 made the survey available to final users this year and it has promoted it through both traditional and digital communication channels. This has provided the company with the opinions of over 200 passengers, highly diversified by age group and by motivation for using the public transport service, and could undoubtedly offer the management novel insights into clients’ points of view and prioritization of topics.

The materiality analysis is particularly relevant because it is a moment for comparing the company's perception with the perception of internal and external stakeholders – it is fundamental to evaluate possible misalignments and how to act on them. [...] Our stakeholders represent a very important heritage for us. (Operations)

5.4 Stakeholders and the Report

A specific part of the interview was aimed at assessing the interest and exploring the opinions of Autoguidovie's external stakeholders with respect to the sustainability report and, more in general, to the corporate attention toward sustainability. It is useful to mention here the groups of stakeholders identified in the report: employees; clients (contracting authorities, travellers and organizations); suppliers and credit providers; strategic partners; competitors; local communities (non-profit organizations and universities); trade unions; media; public administrations.

5.4.1 Internal Stakeholders

Regarding internal ones – workers on board buses as well as any kind of employee – it is certainly not easy to deal with the many people working for the company. The engagement process has been described as something the firm “should pay attention to”. An element for future improvement may lie in “making reporting tools as easy as possible to use for all units”, also in view of making decisions increasingly based on the report's outcomes. Yet, as the evolving perception of internal stakeholders was investigated through other questions, this section focuses more closely on the external side. In terms of the report's effects on stakeholders, these are more exhaustively described in the next section.

5.4.2 Public Institutions

For Autoguidovie, a very relevant category of stakeholders is composed of public bodies that are clients of the company, that is, the public institutions that contract transport services at town- or province-level, for instance. In this respect, study participants highlighted that the involvement of local public bodies in the reporting process – in particular in the materiality analysis – was lower than expected. Similarly, interviewees overall agreed that indicators of both social and environmental sustainability are only marginally valued in tenders for service procurement. This is despite the strong promotion by the European Union of voluntary Green Public Procurement practices – what the EU has defined as “a process whereby public authorities seek to procure goods, services and works with a reduced environmental impact throughout their life cycle” (European Commission, 2008).

In the case of Italy, Green Public Procurement practices have been implemented through “Minimum Environmental Criteria” (CAM – Criteri Ambientali Minimi), set for the various

kinds of procurements and which contracting authorities must enforce. Among other things, their enactment can be realized through the establishment of minimum emission standards and the allocation of a higher score to tender participants owning electric vehicles. In practice, however, the CAM's design and implementation does – reportedly – not provide sufficient economic incentives for public transport companies to truly and heavily invest in sustainability improvements and less polluting buses. In addition, what has also emerged is the lack of a culture of sustainability able to spark the interest of public authorities and thus direct their choices, at least at a local level.

Public bodies are formally not interested, because they do not know how to deal with sustainability, but informally and relationally very interested. [...] Tenders show little consideration for sustainability. (Finance)

There has for sure been a push, but it seems that [public bodies] perceive sustainability more like putting in place norms and procedures than like a discourse, an attitude. (Service design)

5.4.3 Awareness of Impacts

Another very relevant category of stakeholders is composed of financial market institutions. Interviewees have reported a high – and increasing – attention to sustainability practices coming from banks and credit providers, who are among the actors most interested in the sustainability efforts of companies. While it has been underlined that this sometimes appears more as a reaction to trending matters than as a true and involved interest, it has helped Autoguidovie obtain more targeted financing conditions.

There has been an increase in the attention paid by stakeholders to the report: the most interested have been internal ones – employees and trade unions – and banks. (Board member 1)

The marketing world and banks have been among the most interested actors, but [sustainability] is trending and there is a difference between saying how sustainable one is and verifying it. (Purchasing)

The element that is in my opinion most visible and significant is the financial market. [...] Is it a matter of trends? Yes, in part it is, as it is a new kind of financial product. Does it have a kernel of truth? It does, because it supports a certain type of investment. (Finance)

As described by study participants, internal stakeholders and the “marketing world” are among the most involved groups. A high level of engagement on the side of Autoguidovie’s personnel was to be expected, given the efforts made in strengthening corporate communication, as well as in promoting employees’ participation in the materiality analyses carried out over the years. A positive sign is in particular represented by drivers’ strong engagement, perhaps due to the perception of the reporting process as a “communication channel” toward the company. In general, the good relationship with employees has been substantiated by being included among the 400 “Italy’s Best Employers 2022/23” (La Repubblica, 2022). On the other hand, the reportedly high interest received from the “marketing world” is consistent with the growing diffusion and popularity, in a sense, of sustainability. Interest has also been observed from competitors and from people looking to join Autoguidovie. This last point is, in particular, significant due to the firm’s keen efforts in training and hiring young, local drivers, realized from 2021 through the Academy project (Autoguidovie, 2022b).

Considering strategic partners and suppliers, it has been underlined that Autoguidovie often stands out in terms of attention to sustainability, a matter that is “only lately starting to be relevant” for other companies. Lastly, younger citizens have been specifically identified as the clients who more clearly recognize the firm’s efforts. This is presumably correlated with the allegedly strong involvement of schools, as educational institutions and their students make up for a significant number of users of Autoguidovie’s services. They also represent a category of users for which the organization strives to create bespoke offers and design targeted services, such as the recent BUS2SCHOOL (Autoguidovie, 2022a). Overall, what stands out positively is the increasing trend in the attention paid to corporate sustainability practices, including sustainability reporting.

We are now looked at in a different way, by our competitors as well as by banks and, importantly, by people who want to work in Autoguidovie. (Purchasing)

In the territories we serve, our attention to sustainability is creating a truer bond [with people] and we are in particular observing an increased awareness of our efforts among new generations. (Board member 2)

5.5 Effects of Reporting

The effects of sustainability reporting were sometimes – and more often than for other topics – already given an account of by interviewees while answering other questions. The results have been brought together and are presented as follows.

5.5.1 Internal Perspective: A Growth Process

Starting from an internal perspective, the path undertaken by Autoguidovie has been described as a “growth process” that leads to “looking at the world through a different lens”. This definition assigns relevance and value to the process, setting it apart from only being a marketing effort: this is not something to be taken for granted. Such growth has reportedly brought about “increased awareness” at 360 degrees of corporate actions and performance, of the company’s impact and of how everyone’s actions can affect sustainability at firm level, together with an evolution in the corporate culture, as mentioned above. These have, in turn, affected the strategic direction of choices and decision-making processes.

While a few interviewees outlined the sustainability report as having been, in the beginning, just an “additional task, an imposed and time-consuming one”, the consensus is that this process has then produced significant cultural changes and created “elements for discussion”. The report has been defined as a “working tool”: this view is one step ahead from simply regarding the document as a “report” in the strict sense of an account of past corporate activities, which ends in itself. Moreover, the report has been depicted as now being “a tool with a common language”, as the result of a gradual, step-by-step process.

Over the years we have certainly grown our awareness that we can and we have to do more [sustainability-wise]. (Board member 1)

*The most important value we have achieved is the creation of a culture of sustainability.
(Innovation)*

In the beginning, few people contributed to the report, few knew how to read it and understand it, few employed it as an effective tool beyond its simple publishing. Little by little, the instrument has been increasingly adopted by people. (Operations)

It is a path thanks to which one is able to strategically direct investments and relationships with public administrations, clients and all kinds of stakeholders. It is by nature operational

because it is not about an ideology, but it is based upon an analysis of the data and the strategy. (Operations)

Today, sustainability is an essential element in valuing any investment we make; it is sometimes chosen even if [it represents] the more expensive option, when looking only at the immediate economic side. (Innovation)

5.5.2 Internal Perspective: Managerial and Data Collection Systems

Another relevant impact of the process has been identified in the managerial and data collection systems. The creation of a corporate data warehouse has, for one thing, been “one of the most important feats of the technological innovation” that Autoguidovie has heavily invested in. This choice presumably had its origin in reasons partly beyond the sustainability report, yet it has proven very significant in this respect as well. In addition, the firm has been working on a digital transformation project covering multiple areas and units since 2019, ultimately aiming at the digitalization of multiple employee tasks, of CRM (Customer Relationship Management) activities and of operations. This process has been depicted as representing Autoguidovie’s “vision of sustainability”, in the sense of a vision that encompasses the corporation and its impact at 360 degrees.

A challenge the company is now facing is that of implementing a “uniform data collection [system] for all the societies included in the report”. Again, this would certainly facilitate both reporting and day-to-day business activities, with the further benefit of bringing a tested and working system to societies currently having a lower level of digitalization. On a similar note, the report represents in itself a kind of management system, structured on the company’s activities, which by nature creates occasions for comparing goals with realized outcomes and current results with past ones. The more the report becomes a “day-to-day activity”, the more sustainability truly enters Autoguidovie’s “way of being”.

[The report] has multiple times been the occasion to extend a culture of data elaboration and analysis to all business areas. (Operations)

The corporate data warehouse contains all information giving life to the sustainability report and, most importantly, [necessary] for verifying that the actions declared in the report have numerical references. (Innovation)

The great benefit of management systems – which this, in the end, becomes – is that they force you to make things structured and methodic. [...] Today we have formal goals and commitments against which to measure ourselves. Once there is a structured system that monitors progress on these, there is an amplifying effect. (Board member 2)

The step beyond the report is the sustainability project itself. [...] It is key to work on the sustainability report as part of a bigger project and this is also where room for improvement lies for us. (Board member 1)

5.5.3 External Perspective

Moving to an external perspective, the “brand impact” of reporting has also been recognized. This adds up to the relationships with external stakeholders and to the fact that the reports – and sustainability in general – are now much more “trending” than they have ever been; both aspects that have been explored and described in the preceding sections.

Finally, reasoning in hypothetical terms, study participants agreed on the fact that Autoguidovie “would not be where it is today”, had it not started issuing a sustainability report and, more in general, had it not increased its attention for and awareness of sustainability. Autoguidovie would reportedly not be “the same company it is today”, nor “the same company that projects itself into the future” in terms of investments on long term value creation. While it is considered possible that the firm would have earned higher profits, it would now also likely be “trailing and not leading” in its sector.

In terms of measurable indicators, the weighted average score assigned by users to the “Service in its entirety” in the annual customer satisfaction surveys carried out has increased from 7.6, in the 2016 report, to 7.9, in 2022 (Autoguidovie, 2023). Moreover, Autoguidovie has been ranked first among Italian urban transport companies in the “Italy’s Best Customer Services 2023-2024” survey (Corriere della Sera, 2023). These are among the most representative pictures of Autoguidovie’s care for its clients and the service it offers them.

Autoguidovie's future would be more at risk, because reasoning as we do entails a higher probability of being here in the next years. [...] Maybe we would have earned more money in the short term. (Board member 2)

5.6 Discussion

The findings presented above are in this section elaborated upon and analyzed in relation to the existing literature. The most relevant results are highlighted, showing when these are in line with previous research and when they differ or represent novel insights.

5.6.1 Learning Processes and Internal Perception of Reporting

The first research question laid out in the study aimed at investigating potential impacts of initiating a process of sustainability reporting on Autoguidovie – the case setting – with an explorative approach, employing the qualitative data collected through 9 semi-structured interviews.

Significant findings originated from the analysis of the data – outlined in the *Effects of reporting* section – regarding the strong relevance of reporting as a driving force for organizational learning and feedback mechanisms. The results obtained support the literature arguing that the issuance of a sustainability report leads to instances of so-called “Organizational Change Management for Sustainability” (Lozano, Nummert and Ceulemans, 2016), including progress in terms of managerial and data collection systems, organizational culture, transparency toward and better dialogue with stakeholders. Beyond bringing about an expected “brand impact”, the path Autoguidovie has taken has in general been addressed as a growth process, making it a valuable investment in terms of money, time and resources. Interviews have consequently emphasized the influence of reporting on the strategy-making process, as brought forward by Gond and Herrbach (2006). As detailed previously, all these aspects have arguably experienced important advancements since the company first published its 2016 report.

The evolution in the internal perception of reporting – and of sustainability themes, more in general – also appears clear from interviews, as has been assessed more in depth in the *Sustainability for Autoguidovie* section. Autoguidovie’s strong organizational culture has been cited as one of the main drivers behind the choice to start reporting, together with the public nature of the service the company offers, its mission and its desire to always be “ahead of the curve” (see the *Motivations for reporting* section). As has already been stressed, the decision to publish a sustainability report was a voluntary one, making these reasons particularly relevant. Moreover, because the corporate culture itself has undergone

an evolutive process it is especially difficult here to identify the additionality of the impact of reporting, as everyone's individual consciousness would have evolved nonetheless and societal awareness of environmental and social issues has been on the rise. Still, study participants agreed that the firm would not have gone through such a transformation, had it not started reporting on sustainability. These learning mechanisms also corroborate the literature arguing for positive effects of sustainability disclosure on sustainability performance (Adams and McNicholas, 2007), as such change processes can be considered fundamental antecedents for performance improvements. The report can be viewed as instrumental in bringing about an evolution in terms of managerial approach: going back to the effects of reporting, such growth is, in turn, necessary to take advantage of the full potential of the reporting process.

5.6.2 Impacts on Economic Performance

A second stream of research has focused on the effects of reporting on economic performance, obtaining contrasting results. In terms of direct impacts on profitability, interviewees have not provided sufficient information for this study to argue in favor of either side of the debate. However, in line with Plumlee et al. (2016), among others, a positive link between disclosure and the firm's cost of capital has been identified, although only qualitatively. This is consistent with the reportedly high interest expressed by banks, credit providers and all financial institutions toward corporate sustainability reporting practices, presented in the *Stakeholders and the report* section. Indeed, the European Union has recently been placing great emphasis on the need to "further connect finance with sustainability", as exemplified by the Commission's action plan on sustainable finance (European Commission, 2018). The EU Taxonomy for sustainable activities is also part of the plan, whose overarching goal is to direct investments and capital flows toward activities compatible with a model of sustainable development.

Considering "indirect" impacts on profitability, study participants highlighted a widespread belief that Autoguidovie's attention for sustainability – turned into practice through large investments for improving buses' environmental performance and safety standards and for digitalization projects, among other things – will prove beneficial in the long term, from a financial point of view. The awareness that the cultural changes and learning processes described hold the potential to bring about improvements in economic results is also relevant as a driving force for more businesses to embark on similar paths, in the future. As it has

been underlined in the interviews, it is key that economic sustainability is what enables actions directed at advancing environmental and social sustainability in the first place. The impact of reporting on brand image and on relationships with stakeholders, as recounted by interviewees and, as mentioned in the *Effects of reporting* section, support both the hypothesis of indirect effects on economic performance and the existence of the effects of disclosure on organizational legitimacy (Sehgal, Garg and Singh, 2002). Beyond financial markets, the level of engagement has – reportedly – particularly increased also on the side of the “marketing world”, in people working in Autoguidovie and looking to join the company as employees, and among the younger generations. While the literature has mostly focused on investigating the role of stakeholders’ demands in driving corporate reporting, interviewees emphasized the impact of reporting on shaping the business-stakeholders dynamics.

5.6.3 Taking Stock and the Materiality Analysis

The second research question presented in this study focused on identifying the parts and features of the reporting process that may have played the biggest role in achieving the effects presented until now. Two main results can be distinguished here, as outlined in the *Reporting process* section.

First, interviewees highlighted the relevance of the *Taking Stock* phase. This is how Refe addresses a necessary self-assessment of the organizational identity, of strategic priorities and of their realization in resource allocation decisions. Closely linked to this step is the precise and constant measurement of results and outcomes: this needs to be implemented in areas or activities where it may not already be present at the beginning of the process. The importance of measuring has been appropriately reported during interviews, showing awareness that this is fundamental for an assessment of progress against commitments and goals. While saying that this finding is overlooked in current research might be an overstatement, the literature review has not identified streams of research with this precise focus.

Second, study participants pointed out that the materiality analysis is also a necessary step in reporting, and one that can provide the management with highly significant insights. This is coherent with the GRI Standards’ methodology, in which the analysis guides and shapes the whole reporting process. Once the materiality analysis has been completed, policy

commitments and management approach are to be reported with respect to each material topic (GRI Disclosure 3-3, in the current set of 2021 Standards). It is also crucial to update the analysis over the years, as the prioritization of topics naturally changes over time and because business activities and stakeholders may evolve as well. This is particularly true nowadays: Kuh et al. (2020) posit that, at a time characterized by large availability of data and technological advancements, “the concept of what is material is becoming more changeable, more fluid” (p. 4). Recognizing the relevance of the analysis means understanding the importance of collecting internal and external stakeholders’ opinions for prioritizing strategic choices and future investments.

5.6.4 Sustainability Reporting in Perspective

The case study employed in this research shows that the process leading to the sustainability report – and the report itself – can produce significant effects on companies, for instance as catalysts for corporate learning and for growth and evolution of the organizational culture. This, together with the “indirect” economic effects, underlines once again that the most significant impacts of reporting are only likely to take place if certain organizational choices are made. In particular, as it has been highlighted during interviews, significant impacts and changes are dependent on the integration of reporting into a sustainability plan and, potentially, the strategic plan, to take advantage of learning and feedback mechanisms. The awareness reporting brings about can be seen as crucial in this path. While the literature presented in the *Potential effects of reporting* section has strongly focused on investigating economic impacts, the findings brought forward may be seen as an argument in favor of studying more extensively the effects of reporting in terms of organizational learning and change.

Almost two decades ago, Kolk (2004) documented companies’ motivations for and against sustainability reporting. Among the reported reasons “for” were improvements in the ability to track progress against specific targets, in organizational awareness, in internal and external credibility, in reputation, in cost savings and efficiency. Among the reasons “against”, high costs, the belief that it would not improve economic performance nor interest stakeholders and fear of reputational damages. The close matching between several of the effects of disclosure investigated and identified, both here and in the literature, and the motivations outlined quite some years ago further highlights the relevance of the field of research and of this study. Even under mandatory reporting regimes, the full potential of

sustainability disclosures will hardly be capitalized on as long as firms are not confident over the benefits they might enjoy from the practice.

A caveat to the results presented is that, as in any research making use of a single case study, they are by nature dependent, to some extent, on contextual factors and traits. In this particular case, interviews have uncovered an organizational culture that was already characterized by rather uncommon levels of ethics and consideration for sustainability before starting the reporting process. This is especially true when thinking about social sustainability toward clients and the territories served, as a consequence of Autoguidovie being the provider of a public service. What reporting has then introduced might be considered as a reinforcing mechanism, that could build on solid ground and make the firm further evolve toward sustainability. This may not be the case for other companies, although attention to sustainability might well be already present, in different forms and possibly with a lower extent of formalization.

6. Conclusions

The purpose of this research was to explore the impacts of corporate sustainability reporting on the company publishing the report, its internal systems, performance and stakeholders, among other things. To answer this question – and to evaluate the influence of the different stages of the reporting process – a case study was conducted on a large, established Italian firm in the local public transport sector, which has voluntarily been publishing sustainability reports since the financial year 2016: Autoguidovie S.p.A. Primary data was collected through 9 semi-structured interviews, with the involvement of employees, managers and members of the Board of Directors working in different organizational areas. The pre-existing literature was utilized as a theoretical frame throughout the analysis.

This study first of all shows that sustainability reporting has the potential to become extremely valuable for businesses in the very near future. In particular, the findings previously discussed highlight the role of reporting as a catalyst for instances of organizational learning and change. While this is not considered a novel contribution to the literature, it does seem to be an area that is still under-researched. Keeping in mind that these processes have been identified and positively recounted, despite the fact that they may not be easy to quantify and recognize, their effects might also be more influential than what interviewees have so far been able to ascertain. Among other things, they could play a crucial role in helping firms to identify new opportunities for competitive advantage, while acting more sustainably.

In terms of practical implications for managers and companies, interviews highlighted that sustainability reporting can set in motion and stimulate a better understanding of a firm's impact on society and on the planet, as well as a self-assessment of corporate identity and choices. As it has already been pointed out, the influence of reporting on organizational learning is particularly significant. This can in turn affect strategic decision making, both thanks to an increased level of awareness and with the aim of improving internal data collection and other systems. In addition, the relevance of the effects of reporting on stakeholders must not be overlooked. Doing it right often comes with increased levels of transparency and accountability: the reporting process can thus represent a means to grow valuable relationships with stakeholders and, ultimately, enhance business performance. While the report per se is unlikely to exert such influential effects, opportunities for firms lie

in the process behind it, in its management, in being able to harness its insights and establish a cultural and managerial approach that is projected toward the future. Allocating to such a sustainability path a proper amount of organizational resources, employing the report as a tool for informing managerial decisions, is instrumental in making it meaningful and effective.

These effects have in particular been identified on a firm operating public transport services. Findings can be deemed significant also because of the adverse impacts of the current mobility paradigm on the environment and on society as a whole. As the European Commission has recognized, “the success of the European Green Deal depends on our ability to make the transport system as a whole sustainable” (European Commission, 2020).

Overall, this study calls for further research to be conducted on sustainability reporting, both in general and on the many channels through which it may have relevant effects on business activities. The motivations behind companies’ voluntary reporting decisions are one field of research to be explored in the future, so as to increase the number of reporting entities. Despite the upcoming entry into force of the EU Corporate Sustainability Reporting Directive, this would still be relevant with respect to the great majority of firms – and to all organizations operating outside of the European Union – which will still not be made subject to mandatory reporting mandates by means of this regulation. Another promising avenue of research lies in deepening the present knowledge on the extent to which companies are able to capitalize upon having issued a report. This is, again, highly specific to the firm taken into consideration, meaning that there is potential for future research to obtain significant results.

Limitations to this study also need to be acknowledged. Firstly, as the research has taken a process standpoint on sustainability reporting practices, the narratives collected during interviews might presumably have been different, had other employees been selected for participation. Even though the methodology was designed with the aim of obtaining information as exhaustively and thoroughly as possible, the reliance on interviews for the collection of data does not allow to rule out this possibility. Moreover, a single organization is examined, and one that is possibly set apart from others due to its sustainability-oriented corporate culture already before starting reporting. The investigation and comparison of firms with different sizes and characteristics, operating in other industries, countries and socio-political settings could reveal significant novel findings. In particular, given that the

role of the cultural context is believed to have been a relevant one, studying a variety of organizational cultures and backgrounds is advised.

Judging from the opinions of experts from industry, government, academia and civil society, recorded in the annual World Economic Forum's Global Risks Report, awareness of the changes our planet and our society need may finally be widespread. In 2013, survey respondents ranked only one environmental risk among the top five risks to manifest over the following ten years, both by likelihood and by impact (World Economic Forum, 2013). Ten years later, the last Report shows five environmental risks among the top ten with highest severity, short-term ones: extreme natural events; failure to mitigate and to adapt to climate change; environmental damage incidents; natural resource crises (World Economic Forum, 2023). So-called "societal" risks have also increased in number, while the relevance of economic risks has declined.

This awareness is reflected in the rising expectations that corporations should be transparent about their business practices on the ESG dimensions. Yet, that by getting reporting right "sustainability will follow" (Schwab, 2022), as many may want to believe and as would certainly be rather convenient for everyone, sounds like an overstatement. Firms should not treat reports as an end in themselves, but as a means to ultimately reduce their negative impacts on the environment and society as a whole. Real change will only take place if organizational cultures evolve and companies are willing to innovate their business models, "shedding more light" and "casting less shadow" through their operations (Braungart and McDonough in Jørgensen and Pedersen, 2018).

As climate activist Greta Thunberg said in her speech at Madrid's 2019 COP25:

"The biggest danger is not inaction. The real danger is when politicians and CEOs are making it look like real action is happening, when in fact almost nothing is being done, apart from clever accounting and creative PR." (HuffPost, 2019)

Care must be practiced at all levels of responsibility, in order not to confuse "output with impact" (Pucker, 2021) and risk treating sustainability reporting as the cure-all remedy we can only dream of. This research holds that, with this in mind, reporting has the potential to play a significant role.

7. References

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8. Appendix

8.1 Interview Guide

Introduction

Introducing myself and the research

Thanking

Explaining the interview method

Asking for consent for recording the meeting via Teams

1. Can you briefly describe your role in Autoguidovie and your career path?

(a) Sustainability in Autoguidovie

2. How would you narrate the sustainability journey undertaken by Autoguidovie?
3. Among the many sustainability-related projects started by Autoguidovie – directed both within and outside the company – which do you think are the most important? (Why?)
4. Can you recall a specific point in time after which you heard more about sustainability in the company and sustainability took on a more important role in your work?

(b) The sustainability report – motivations and expectations

5. Have you participated directly in the works for drafting the sustainability report in recent years?
6. What do you think were the main reasons that prompted Autoguidovie to start publishing a sustainability report?
7. (At the beginning of the journey, what were the expectations with respect to results and impacts?)

(c) The sustainability report – impact

8. Do you reckon parts of the process for producing a report have been more important than others, in terms of effects and results?
9. Do you think the sustainability reports have impacted specific areas and functions within the company? (Which ones?)
10. (And what kind of impact are we talking about? i.e., economic, reputational, of internal learning and growth, or other)

11. Which stakeholders do you think the sustainability report has had the greatest impact on? (Internal or external stakeholders? And what category specifically?)
12. (From which stakeholders did you find most interest in the sustainability report?)
13. (Do you think that with regard to the financial community – banks and lending institutions – has having a sustainability report led to more favorable conditions for the company?)
14. Can you also describe negative sides of the sustainability report or of the work required to produce it?

(d) The sustainability report – in perspective

15. (How do these effects compare with the expectations the company had when it decided to produce the first edition of the sustainability report?)
16. How has the perception of the sustainability report changed over the years?
17. Do you think Autoguidovie would be in the same place it is today in terms of sustainability if it had never published a sustainability report? (If not, what might be different?)

(e) Conclusion

18. Is there any additional information that you would like to bring to my attention or that you think would be useful for the purposes of this research?
19. Could I possibly contact you again in the future in the case of any further doubts or questions?